

**MMA Testimony on SB 1075  
Before the Committee on Reforms and Restructuring Committee  
4/13/2010**

Mr. Chairman,

Thank you for the opportunity to speak about SB 1075. We truly appreciate your efforts to reduce the cost of government.

On SB 1075, I would like to focus on one item in particular and that is benchmarking. This is a very important step in evolving Michigan's future. One of the prime tenets of MMA Structural and Economic Reform Agenda is our call for benchmarking Michigan against other states. We believe that we cannot become competitive until we measure our performance against our competitors. The state can and should be run more like a business. To be successful, a goal must be set and progress toward that goal must be measured.

We appreciate that you have incorporated that concept in this bill and we encourage you to expand upon it. Our agenda identifies several items that speak to our competitiveness and to the business climate. We categorize our suggested measures into four categories, Business Taxes, Cost of Government, Performance of Government, and other Business Climate factors. Let me identify some of the specific measures that we believe should be tracked, measured and compared to other states.

**Business Taxes**

- The Effective Tax Rate on manufacturers
- The Total Tax Burden on manufacturers
  - Personal property tax
  - Real property tax
  - Business income tax
  - Gross receipts tax
  - Corporate license taxes
  - Regulatory fees
  - Other state and local taxes

**The Cost of Government**

- Average salaries and benefits of state employees
- Average salaries and benefits of teachers
- Percentage of prison inmates 120 percent beyond minimum sentence.

**Performance of Government**

- Amount of regulation — including regulations that exceed federal standards  
[This bill calls for a "No More Stringent" Standard" – Thank you"]
- Permit issuance time for regulatory permits
- Predictability of permit issuance

### **Other Business Climate Factors**

- Transportation infrastructure
- Energy costs
- Real estate costs
- Support for R&D and talent attraction
- Access to capital
- Availability of capital

The benchmarking process is essential to Michigan's progress. To be successful we must first measure our performance, so that we can identify problem areas and track our performance for improvement.

Again we appreciate that you are going in this direction and we would be please to work with you on developing this idea.

Thank you very much.

Mike Johnston, VP Government Affairs